



U.S. Customs and Border Protection

Report to Congress on the Automated Commercial Environment (ACE) First Quarter 2007

U.S. Customs and Border Protection Report to Congress on the Automated Commercial Environment (ACE)

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1. Legislative Requirement

The Automated Commercial Environment (ACE) Report to Congress is provided quarterly in accordance with the requirement set forth in section 311(b)(3) of the Customs Border Security Act of 2002 (Trade Act of 2002), which requires that:

Not later than 90 days after the date of the enactment of this Act, and not later than the end of each subsequent 90-day period, the Commissioner of Customs shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report demonstrating that the development and establishment of the Automated Commercial Environment computer system is being carried out in a cost-effective manner and meets the modernization requirements of Title VI of the North American Free Trade Agreement Implementation Act.

Customs Border Security Act of 2002, Pub. L. No. 107-210,
§ 311, 116 Stat. 933, 973 (2002).

In addition, contents of this report address requirements set forth in House Report 109-476, which states:

The Committee directs CBP to improve oversight by assuring releases are ready to proceed beyond critical design and production readiness reviews before deployment. Also, CBP shall ensure ACE aligns its goals, benefits, desired business outcomes, and performance metrics.

H. R. Rep. 109-476, at 32 (2006).

This report also complies with Government Accountability Office (GAO) Report 04-719, Customs Modernization, May 2004, which requires U.S. Customs and Border Protection (CBP) to report on the status of open GAO recommendations.

2. Executive Summary

The Report to Congress on ACE provides an update on ACE accomplishments, challenges, fiscal status, and upcoming program milestones. Most significantly, the report demonstrates (1) how ACE is helping CBP achieve Department of Homeland Security (DHS) strategic objectives; and (2) is providing CBP personnel in the field with enhanced capabilities to better accomplish the CBP mission of preventing terrorism and facilitating legitimate trade and travel.

Congress has stated that ACE and CBP Modernization should be integrated with, if not form the core of, DHS information systems and border security technology. Accordingly, this report also addresses the ongoing CBP efforts to integrate ACE with other systems. This report also discusses efforts to engage other Government agencies to participate in the ACE/International Trade Data System (ITDS), the status of efforts to resolve GAO open audit recommendations, and the status of progress against program commitments.

The Report to Congress on ACE is provided to the Senate Finance Committee, House Ways and Means Committee, and both the House and Senate Appropriations Committees. The reporting period for this update is October 1 to December 31, 2006. A review of previous reports may be helpful in understanding the full context of the information provided in this edition of the report. Appendix A outlines ACE implementation and capabilities.

Notable in this Report

On October 27, 2006, CBP announced via the Federal Register the first group of land border ports where truck carriers will be required to file electronic manifests (e-Manifests). Beginning January 25, 2007, the agency will require e-Manifests to be filed at all land border ports in Washington and Arizona, as well as the following ports in North Dakota: Pembina, Neche, Walhalla, Maida, Hannah, Sarles, and Hansboro. CBP has completed deployment of ACE truck processing capabilities to New York, Vermont, and North Dakota. ACE truck processing capabilities are now operational in 65 land border ports, including all ports on the Southern Border.

CBP is working with the Department of Homeland Security (DHS) Chief Information Officer (CIO) to achieve certification of the DHS Production Readiness Review (PRR) for the Targeting Framework (TF). The DHS CIO review of the DHS PRR was conducted on November 28, 2006. Due to the critical homeland security capabilities included in TF, CBP completed the Operational Readiness Review for TF on October 26, 2006, and deployed TF to the National Targeting Center on October 29, 2006.

Following development of ACE performance measures that are aligned with the CBP and DHS strategic plans, CBP has identified the “critical few” performance targets to support the ACE accountability framework.

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Collaboration is in progress between CBP and the ITDS Board of Directors to establish a plan for implementing the Security and Accountability for Every Port Act of 2006, which mandates participation in ITDS by all Federal agencies that require documentation for clearing or licensing the importation and exportation of cargo.

3. Background

In 2001, the U.S. Customs Service (now part of CBP) embarked on ACE as its first project in a multiyear modernization effort to reengineer agency business processes and the information technology that supports them. The initial plan was to focus first on ACE and trade processing and then on other elements of CBP Modernization, including enforcement. The terrorist attacks on September 11, 2001, changed this focus. ACE is being developed to support the CBP mission of: (1) protecting the American public against terrorists and the instruments of terror and (2) enforcing the laws of the United States while fostering our Nation's economic security through lawful international trade and travel.

With the establishment of DHS, CBP has also aligned ACE with the DHS mission and strategic goals. ACE will help reduce our Nation's vulnerability to threats without diminishing economic security by providing threat awareness, prevention, and protection for the homeland. Specifically, ACE will help:

- detect, deter, and mitigate terrorist and other threats;
- assess vulnerabilities to homeland security and the American public;
- safeguard U.S. citizens and critical infrastructure from acts of terrorism; and
- serve the public by effectively facilitating the movement of lawful trade.

Working closely with other Government agencies and the trade community, CBP is modernizing to (1) enhance interagency information sharing and analysis; (2) replace and/or supplement existing systems taxed by increasing demands; and (3) comply with legislation requiring greater agency efficiency and effectiveness to better serve the public. Among other capabilities, CBP personnel will have even more automated tools and information to decide – before a shipment reaches U.S. borders – what cargo should be targeted because it poses a potential risk, and what cargo should be expedited because it complies with U.S. laws.

4. Compliance with the Customs Modernization Act

The 1993 Customs Modernization Act (Mod Act) was passed with legislation implementing the North American Free Trade Agreement. The Mod Act is the legal foundation for the CBP Modernization effort and promotes the concept of “shared responsibility.” To help accomplish these objectives, the Mod Act outlined requirements for automation and emphasized electronic trade processing. The delivery of ACE

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capabilities will fulfill the Mod Act by enabling trade community users and CBP officers to electronically submit and retrieve import transaction data through an intuitive, standards-based, secure Web portal. ACE is providing new capabilities to Government users and the trade community by enabling the redesign of trade compliance processes and strengthening Screening and Targeting (S&T) systems. These are key requirements for enhancing border security and expediting legitimate trade.

5. Performance

This section highlights program accomplishments during the first quarter of Fiscal Year (FY) 2007, outlines efforts to address open GAO recommendations, and provides an overall assessment of the program.

5.1 Selected ACE Accomplishments

The following are selected program accomplishments between October 1, 2006, and December 31, 2006:

- **Announced the requirement for truck carriers to file electronic manifests (e-Manifests).** On October 27, 2006, CBP announced via the Federal Register the first group of land border ports where truck carriers will be required to file e-Manifests. Beginning January 25, 2007, the agency will require e-Manifests to be filed at all land border ports in Washington and Arizona, as well as the following ports in North Dakota: Pembina, Neche, Walhalla, Maida, Hannah, Sarles, and Hansboro.
- **Completed deployment of ACE truck processing capabilities to New York, Vermont, and North Dakota.** CBP deployed ACE truck processing capabilities to the Lewiston Bridge in Buffalo, New York (marking the completion of deployment to New York land border ports), and all land border ports in Vermont, including Derby Line (Route 5 and Interstate 91), Norton, Canaan, Beecher Falls, Highgate Springs, Alburg Springs, Alburg, Morses Line, Richford, West Berkshire, East Richford, Pinnacle, and North Troy. CBP also deployed these capabilities to remaining ports in North Dakota, including St. John, Fortuna, Ambrose, Carbury, Noonan, Dunseith, Sherwood, Antler, Northgate, Westhope, and Portal. ACE truck processing capabilities are now operational in 65 land border ports, including all ports on the Southern Border.
- **Deployed Targeting Framework (TF) capabilities.** CBP is working with the Department of Homeland Security (DHS) Chief Information Officer (CIO) to achieve certification of the DHS Production Readiness Review (PRR). The DHS CIO review of the DHS PRR was conducted on November 28, 2006. Due to critical homeland security capabilities included in TF, CBP completed the TF Operational Readiness Review (ORR) on October 26, 2006, and deployed TF to the National Targeting Center (NTC) on October 29, 2006.

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- **Completed the Project Initiation and Authorization Review (PIRA) for e-Manifest: Air Manifest and Cargo Release (M2).** CBP completed the M2 PIRA on October 5, 2006, marking the initiation of work to define M2 user and functional requirements, project plans, and security requirements.
- **Completed the transfer of initial ACE infrastructure to the DHS data center.** On October 23, 2006, CBP completed the operational transition of the ACE Operations and Maintenance (O&M) hardware environment to the DHS data center in Stennis, Mississippi. The O&M environment is the first of several ACE environments that CBP will relocate to the departmental data center.
- **Held second ACE Exchange outreach conference for the trade community.** CBP hosted approximately 500 brokers, importers, carriers, and software developers at the second ACE Exchange conference in Tucson, Arizona, October 30-November 1, 2006. The event, which featured addresses by the CBP Commissioner and Assistant Commissioner, Office of Field Operations, included a wide-ranging discussion of current and future ACE capabilities, including the new requirements for filing electronic truck manifests.
- **Expanded the number of Participating Government Agencies (PGAs).** In November 2006, the Consumer Product Safety Commission became an ITDS PGA, bringing to 30 the number of PGAs in ACE/ITDS.
- **Held Trade Support Network (TSN) conference.** The CBP Commissioner and Deputy Commissioner addressed TSN members during the December 11-13, 2006, TSN conference in Arlington, Virginia. The conference provided TSN members an opportunity to discuss with CBP representatives the status of current and future ACE capabilities, as well as how these capabilities will affect both CBP operations and trade community business processes.
- **Completed the development of wireless capabilities.** On December 16, 2006, CBP completed development of a wireless capability that allows CBP officers to perform cargo release tasks for the rail and sea transportation modes from a wireless device.
- **Initiated implementation planning for the Security and Accountability for Every Port Act of 2006 (SAFE Port Act).** Collaboration is in progress between CBP and the ITDS Board of Directors to establish a plan for implementing the SAFE Port Act, which mandates participation in ITDS by all Federal agencies that require documentation for clearing or licensing the importation and exportation of cargo.
- **Increased growth in periodic monthly statement collections:** Following attainment of the Fiscal Year 2006 goal of collecting 30 percent of total adjusted duties and fees via ACE, collections through the ACE Periodic Monthly Statement grew to \$845.0 million in November 2006 (34.8 percent of total adjusted collections).

5.2 Open GAO Recommendations

The following section summarizes open GAO recommendations and CBP efforts to fully address these recommendations. Where appropriate, consolidated responses on like topics are provided below. Each response references both the Audits and Reviews Tracking System (ARTS) number used by the CBP Office of Information and Technology (OIT) and the GAO to track the status of each open recommendation as well as the number of the original GAO report from which the recommendation derives. Appendix B demonstrates the alignment between GAO recommendations and the responses contained in this report.

5.2.1 Cost Estimating

The GAO has recommended that Modernization expenditure plans be based on cost estimates that are reconciled with independent cost estimates (ARTS 1595/GAO-04-719). As part of its review of both the Fiscal Year 2005 and Fiscal Year 2006 Modernization Expenditure Plans, the GAO found that the Modernization Program had implemented its recommendation. The third annual reconciliation of cost estimates is complete, and CBP will share the results of this reconciliation with the GAO as part of the review of the Fiscal Year 2007 Modernization Expenditure Plan. The agency believes that this information, coupled with GAO's positive findings in each of the past two years, should provide sufficient evidence of the institutionalization of cost estimate reconciliations to close this recommendation.

The GAO has also recommended that CBP develop and implement a rigorous and analytically verifiable cost-estimating program that is consistent with standards established by the Software Engineering Institute (SEI) (ARTS 1403/GAO-02-545). GAO has recognized that CBP established a disciplined cost-estimating process and made significant progress in implementing this recommendation by: (1) defining and documenting processes for estimating program costs; (2) hiring a contractor to develop independent life cycle cost estimates that enable an independent Government analysis and validation of primary cost and schedule; and (3) tasking a support contractor with evaluating both the independent and the CBP estimates against the Software Engineering Institute's (SEI) cost estimating criteria. A September 2006 report by an independent contractor found significant conformance with SEI cost estimating practices and determined that the cost estimating methodology for ACE is consistent across all program areas. Based on the aforementioned progress toward addressing this GAO recommendation, and the recent findings by the independent contractor, CBP recommends that GAO consider closing this recommendation.

5.2.2 Human Capital Management

The GAO has recommended that CBP develop and implement the missing human capital management practices discussed in this report [including identification of how commitments in the human capital management strategy will be met, what steps will be taken, and what resources are needed to execute the steps], and until this is

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accomplished, report to its Appropriations Committees quarterly on the progress of its efforts to do so. (ARTS 1400/GAO-03-406). In its most recent report, the GAO recommended that this strategy be included in the June 30, 2006, Report to Congress on ACE (ARTS 1765/GAO-06-580). As discussed in the past two editions of this report, the Cargo Systems Program Office (CSPO) developed the CSPO Strategic Human Capital Management Plan (SHCMP) (an ACE program-specific iteration of the OIT SHCMP), which the CBP Commissioner approved (as further directed by Congress) on June 16, 2006. The five key goals of the CSPO SHCMP and attendant strategies for achieving these goals were included as an appendix to the past two editions of this report. GAO representatives indicated during an August 29, 2006, meeting with ACE program leadership that (1) the ACE human capital plan lacks a gap analysis of ACE program human capital needs and (2) contractors should be included in the program's human capital plan.

In an effort to better address GAO recommendations on human capital, CBP representatives met on October 31, 2006, with the GAO Director of Information Technology (IT) Systems Issues to discuss the ACE human capital strategy. During this meeting, CBP representatives discussed how the 2005 reorganization of the Office of Information and Technology (discussed in previous editions of this report) was based on a gap analysis of human capital requirements that was used to plan the number and type of required positions across OIT. During the second quarter of Fiscal Year 2007, CBP plans to provide the GAO with additional documentation on the analysis that supported the OIT reorganization as well as a status update on progress toward achieving the implementation plan for this reorganization. As of December 2006, 94 percent of positions within CSPO have been filled, and CBP is actively working to fill remaining open positions.

During the October 31 meeting, CBP representatives also described how the prime contractor is contractually obligated by task order to fulfill any human capital requirements that are necessary for task order completion. As such, the prime contractor assesses and manages human capital requirements at the task order level. In effect, the prime contractor is included in the overall ACE human capital plan. CBP representatives understand that the GAO acknowledges that the foregoing approach is a valid method for including the prime contractor in the ACE human capital planning efforts.

5.2.3 ACE Support for Other Homeland Security Applications

The GAO has recommended that CBP take appropriate steps to have future ACE expenditure plans specifically address proposals or plans to extend or use ACE infrastructure to support other homeland security applications (ARTS 1462/GAO-03-406). CBP has not planned any ACE expenditures that would enable ACE infrastructure (equipment such as hardware environments) to support other homeland security applications. However, ACE program leadership is actively working to coordinate ACE with other homeland security applications (IT systems that provide tools and information to help front-line officers ensure the security of our Nation). Although

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these coordination efforts have not resulted in the identification of specific cost savings for the ACE program or other related homeland security programs, OIT anticipates that this coordination will directly advance the agency's trade facilitation and homeland security goals. Specific examples of this coordination include the following:

- OIT is taking steps to ensure that CBP systems, including ACE and the Automated Targeting System (ATS), are compliant with the Service Oriented Architecture (SOA) that was developed by OIT and adopted by the DHS CIO Council. Compliance with the SOA will facilitate any future efforts to leverage ACE and ATS capabilities across the Department.
- ACE S&T capabilities are being integrated with ATS. The modernized ATS will provide new S&T capabilities and will enable greater flexibility to incorporate emerging technologies in the future. S&T capabilities have been developed in close collaboration with the NTC to provide accelerated functional support for its operations.
- When completed, ACE e-Manifest: All Modes – Cargo Control and Release (Release 6) and S&T capabilities will support the automation requirements of the Container Security Initiative (CSI) program. ACE implementation is being carefully coordinated with ongoing CSI support via current production systems such as the Automated Commercial System and ATS.
- ACE is leveraging the existing Treasury Enforcement Communications System (TECS) to provide front-line officers with commercial truck license plate and driver query capabilities.
- Entry Summary, Accounts, and Revenue (ESAR): Master Data and Enhanced Accounts (A1) capabilities are being coordinated with the Customs-Trade Partnership Against Terrorism (C-TPAT). A1 will provide both CBP and trade representatives the ability to view the status of CBP programs such as C-TPAT.
- ACE is being coordinated with the U.S.-Mexico Border Partnership Plan. This coordination will enable ACE to implement any cargo screening standards that are derived from Partnership Plan agreements.
- Future ACE export capabilities are being coordinated with the Automated Export System, the current production system for CBP outbound cargo processing.
- OIT is coordinating with Secure Border Initiative (SBI) program planners to ensure interoperability between SBI technology and the existing CBP technology architecture.
- CBP continues to coordinate with other Federal agencies through ITDS.

5.2.4 Measurement Program Management Improvement Efforts

The GAO has recommended that CBP define measures as well as collect and use associated metrics for determining whether prior and future program management improvements are successful (ARTS 1597/GAO-04-719). OIT has implemented, and will continue to implement, program management improvements. Recent examples of program management improvements include creating a consolidated Cargo IT Services and Support (CISS) task order (including work previously performed under the Foundation Architecture and Engineering task order and the Operations and Maintenance task order) to improve efficiency; the creation of the Cargo Requirements Management Board that will gather and determine the disposition of all change requests to production systems (thereby ensuring the efficient use of resources); a new invoice review policy that should eliminate submission of long-outstanding charges; the implementation of office space changes that ensure the collocation of personnel within a given business area (to facilitate efficient intra-team communications); and the implementation of Remedy software, discussed below in section 5.2.5. OIT intends to review recent improvements and discuss the benefits – where possible and practical – in future editions of this report. OIT also plans to institutionalize the development of benefit projections for use in evaluating the merits of future program management improvements, and to measure the impact of future improvements.

5.2.5 Accountability Framework

The GAO has recommended that CBP implement an accountability framework that covers all program commitment areas, including key expected or estimated system (1) capabilities, use, and quality; (2) benefits and mission value; (3) costs; and (4) milestones and schedules (ARTS 1736/GAO-05-267). In its most recent report, the GAO also recommended that this framework be included in the June 30, 2006, edition of this report (ARTS 1765/GAO-06-580).

ACE program leadership has implemented the use of the ACE accountability framework as described and depicted in the past two editions of this report. Updated monthly and used as the basis for monthly Program Management Reviews, the framework provides a comprehensive assessment of ACE capabilities, cost, schedule, earned value management (EVM) indicators, program risks, mission values and benefits (relative to Department and agency strategic goals), as well as business performance measures and targets. Based on the institutionalized use of the ACE accountability framework and the development of ACE performance measures as discussed in Section 5.2.11, CBP recommends that the GAO consider closing the foregoing recommendation.

As part of its recommendations on establishing an accountability framework, the GAO has also recommended that CBP ensure the currency, relevance, and completeness of commitments made to the Congress in expenditure plans (ARTS 1737/GAO-05-267). The GAO also recommended that CBP report in future expenditure plans progress against commitments contained in prior expenditure plans (ARTS 1739/GAO-05-267).

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CBP recognizes GAO concerns regarding the time required to complete the expenditure plan approval process prior to transmitting expenditure plans to Congress. The agency continues efforts to expedite the expenditure plan approval process and will ensure that future expenditure plans contain the timeliest information available when the review process is initiated. To ensure that future expenditure plans report progress against commitments contained in prior expenditure plans, CBP will include the ACE accountability framework as an appendix to the FY07 Expenditure Plan. The ACE accountability framework tracks milestones and other program commitments made in all prior expenditure plans. It also includes specific planned and actual cost data.

The GAO has also recommended that the accountability framework ensure the establishment of reliable data relevant to measuring progress against commitments (ARTS 1738/GAO-05-267). Although the ACE accountability framework does not report on the status of this recommendation, OIT has undertaken several measures to establish reliable data. The following is a summary of these measures, which have been detailed in past editions of this report:

- CBP has combined Product Trouble Report (PTR) tracking under a development team to improve reporting on system performance.
- Remedy software is used to track all trouble tickets; notify ACE users via e-mail when trouble tickets can be resolved only through the resolution of a PTR; and notify ACE users via e-mail when resolution and implementation of a PTR will result in closure of a trouble ticket.
- CBP is ensuring that Dimensions, a configuration management software tool that is also used to track system defects, is current and provides an accurate inventory of all PTRs.

In view of these efforts, CBP recommends that the GAO consider closing this recommendation.

5.2.6 ACE Program Quarterly Reporting

The GAO has recommended that CBP accurately report quarterly to the appropriations committees on the agency's progress in implementing open GAO recommendations (ARTS 1598/GAO-04-719 and ARTS 1764/GAO-06-580). CBP has been providing quarterly reports on ACE since November 2002 in response to language contained in reports that accompany annual Appropriations Acts, the Customs Border Security Act of 2002 (Trade Act of 2002), and the GAO reporting requirements indicated in this recommendation. Appendix B demonstrates the alignment between GAO recommendations and the responses contained in this report.

CBP will continue to report on efforts to fully address open GAO recommendations through quarterly reports on ACE. Toward this end, ACE program leadership met with GAO representatives on August 29, 2006, to ensure CBP understands the intent of

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each open GAO recommendation and can accurately report on the status of efforts to address each action. On October 31, 2006, CBP representatives met with the GAO Director of IT Systems Issues to discuss CBP efforts to address GAO recommendations on human capital. CBP plans to continue holding periodic meetings with GAO representatives to discuss progress toward closing GAO recommendations. Outcomes from these meetings will be described in future editions of this report, as appropriate.

5.2.7 Satisfaction of Legislative Conditions

The GAO has recommended that the DHS Secretary direct the appropriate departmental officials to fully address the legislative conditions associated with having an approved Privacy Impact Assessment (PIA) and ensuring architectural alignment (ARTS 1762/GAO-06-580). On July 14, 2006, DHS approved and published the ACE PIA at http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0511.xml. CBP recommends that the GAO consider closing its recommendation on the PIA.

DHS has established a methodology for evaluating ACE compliance with the DHS Enterprise Architecture (EA) as part of the FY07 Modernization Expenditure Plan development process. Based on this methodology, a review of ACE compliance with the DHS EA is now in progress. In addition, the DHS CIO is evaluating the compliance of ACE releases with the DHS EA as part of efforts to certify that releases are ready to proceed beyond the Critical Design Review (CDR) and PRR milestones. This review process is described below in Section 5.2.8.

The GAO has also recommended that CBP fully address those legislative conditions associated with employing effective Independent Verification and Validation (IV&V) practices (ARTS 1763/GAO-06-580). As discussed in the previous edition of this report, CBP has implemented Version 2.0 of the IV&V Implementation and Management Plan (IMP), which ensures that IV&V efforts are aligned with the Institute of Electrical and Electronic Engineers (IEEE) 1012-2004 standard. The IV&V IMP, Version 2.0, also addresses satisfaction of quality standards for all ACE products, as well as user needs (as defined through requirements, use cases, and design documents). CBP has provided the IV&V IMP, Version 2.0, to the GAO, and recommends that the GAO consider closing its recommendation on IV&V.

5.2.8 Risk of Severe Defects

The GAO has recommended that the accountability framework use criteria for exiting key readiness milestones that adequately consider indicators of system maturity, such as severity of open defects (ARTS 1740/GAO-05-267). The GAO has also recommended that key milestone decisions should be documented in a way that reflects the risks associated with proceeding with unresolved severe defects and provides for mitigating these risks (ARTS 1766/GAO-06-580).

Past editions of this report have described the OIT process for holding a Systems Development Lifecycle (SDLC) review, which includes the use of standard gate review

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briefing templates, formal gate review pre-briefs to ensure verification of PTR measures, and formal gate review meetings. The ACE program office is also ensuring that gate review decisions are based on documentation that includes risks and their associated impact. Risks are entered in the risk management tracking system, Active Risk Manager (ARM), to ensure that CBP has visibility of these risks and can take action to mitigate them as appropriate. CBP plans to invite GAO representatives to observe the ESAR: Master Data and Enhanced Accounts (A1) Test Readiness Review.

As further directed by Congress, CBP is coordinating with the DHS CIO to ensure that releases are ready to proceed beyond the CDR and PRR milestones. The A1 CDR was certified by DHS on October 25, 2006. DHS certified the M1 CDR on December 19, 2006. CBP is also working with the Office of the DHS CIO to obtain certification of the DHS PRR for the Targeting Framework (TF). Due to the critical homeland security capabilities included in TF, it was imperative to deploy these capabilities to the NTC as quickly as possible, and schedule constraints precluded DHS CIO review prior to completing the Operational Readiness Review (ORR). CBP completed the TF ORR on October 26, 2006, while concurrently coordinating with the DHS CIO to complete the required review of the DHS PRR. This review was conducted on November 28, 2006. CBP will take action, as appropriate, based on the conclusions of this review. CBP will continue to work with the DHS CIO to certify that ACE secure cargo management releases and S&T releases are ready to proceed beyond the CDR and PRR milestones.

5.2.9 Concurrent Development

The GAO has recommended that CBP minimize the degree of overlap and concurrency across ongoing and future ACE releases. CBP should also capture and mitigate the associated risks of any residual concurrency (ARTS 1767/GAO-06-580). Past editions of this report have detailed CBP efforts to reduce the level of concurrent ACE development and mitigate the risk of remaining concurrent development efforts. Key elements of these efforts include the decoupling of S&T releases from ACE secure cargo management releases to reduce interdependencies between development efforts; the use of Active Risk Manager software to track release-specific risks; and the establishment of a comprehensive program management foundation for managing ACE requirements, cost, schedule, and performance.

CBP has also taken the following actions to reduce potential contention for common resources across ACE releases:

- Program managers have conducted extensive planning to ensure that development milestones eliminate contention for computer hardware environments needed for development, integration, testing, and training activities.
- CBP is centrally managing underlying ACE shared software services to maximize the efficient use of resources, enhance responsiveness to workload peaks, and provide consistent technical management approaches across releases.

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- ACE releases have been divided into smaller groups of capabilities or “drops.” Drops with similar development schedules are being managed as ACE “deliveries.” This approach will improve planning and reduce contention for hardware environments and program staff, as well as resources required for system testing, legacy system integration, training, and deployment.

5.2.10 Earned Value Management

The GAO has recommended that CBP use Earned Value Management (EVM) in the development of all existing and future releases (ARTS 1768/GAO-06-580). CBP uses EVM to manage all ACE releases under contract. EVM standards are implemented on ACE releases following the establishment of a performance baseline at an Integrated Baseline Review (IBR). IBRs are held within 45 days of the conclusion of contract negotiations. The agency implemented EVM standards for ACE Advanced Targeting Capabilities upon establishment of the performance management baseline at the IBR on October 23, 2006. In December 2006, CBP concluded negotiations for the Cargo IT Services and Support (CISS) contract and the ACE Foundation Program Management (FPM) contract. CBP is finalizing documentation for these contracts. IBRs for CISS and FPM will be scheduled within the aforementioned time frame.

5.2.11 Performance Measures

In its most recent report, the GAO recommended that CBP explicitly align ACE program goals, benefits, desired business outcomes, and performance measures (ARTS 1770/GAO-06-580); develop the range of realistic ACE performance measures and targets needed to support an outcome-based, results-oriented accountability framework (ARTS 1769/GAO-06-580); and fully address those legislative conditions associated with measuring ACE performance and results (ARTS 1763/GAO-06-580). As noted in Section 1 of this report, Congress has further directed CBP to align its goals, benefits, desired business outcomes, and performance metrics.

In accordance with the aforementioned GAO recommendations and Congressional directive, CBP established a framework for the ACE performance measurement program based on the CBP Performance Reference Model (PRM). ACE performance measures were certified as complete and aligned with the CBP and DHS strategic plans via memoranda from the CBP Commissioner and the DHS CIO on June 30 and July 6, 2006, respectively. Examples of these performance measures were included in the previous edition of this report.

CBP has also developed the “critical few” performance targets to support the ACE accountability framework. These performance targets are depicted in Appendix C. CBP is implementing the use of system and survey generated data to measure the performance of ACE relative to these targets and report this performance in the ACE accountability framework. As ACE proceeds through its lifecycle, CBP will update measures and targets, as appropriate, based on lessons learned, changes to system

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capabilities, and further refinement of the requirements for future ACE releases. Based on completion of efforts to align ACE performance measures with program goals and outcomes, and the establishment of specific realistic performance targets to support the accountability framework, CBP recommends that the GAO consider closing the foregoing three recommendations on performance measures.

5.3 Program Assessment

On October 27, 2006, U.S. Customs and Border Protection (CBP) took a key step toward expanding participation in ACE by announcing via the Federal Register that commercial vehicles will be required to file electronic manifests at specified land border ports. Effective January 25, 2007, truck carriers will be required to file e-Manifests at all land border ports in Washington and Arizona, as well as the following ports in North Dakota: Pembina, Niche, Walhalla, Maida, Hannah, Sarles, and Hansboro.

CBP will publish Federal Register Notices announcing mandatory e-Manifest dates for additional ports at least 90 days in advance of implementation. The implementation dates for the six groups of remaining land border ports are expected to be announced in the following order: (1) California, New Mexico, and Texas; (2) Michigan and New York; (3) Vermont, New Hampshire, and Maine; (4) Idaho and Montana; (5) North Dakota and Minnesota; and (6) Alaska. Through this phased implementation approach, CBP will expand the requirement for e-Manifests to all land border ports in accordance with the Trade Act of 2002. Mandatory filing of e-Manifests will enable our Nation to realize the trade facilitation and cargo security benefits of integrated, advance data. Use of e-Manifests enables CBP to pre-screen trucks and shipments to ensure the safety and security of incoming cargo and its compliance with U.S. law. Filing e-Manifests also reduces the need for CBP officers to spend time processing paper manifests and entry barcodes. Through prescreening and process automation, e-Manifests free up time to inspect suspicious cargo without delaying the border crossings of legitimate carriers and cargo.

CBP continues to expand ACE truck processing capabilities to ports at the Northern Border. Deployment to the Lewiston Bridge, in Buffalo, New York, on October 5, 2006, marked the completion of deployment to all land border ports in New York. In October and November 2006, CBP deployed ACE truck processing capabilities to all land border ports in Vermont (including Derby Line (Route 5 and Interstate 91), Norton, Canaan, Beecher Falls, Highgate Springs, Alburg Springs, Alburg, Morses Line, Richford, West Berkshire, East Richford, Pinnacle, and North Troy), as well as the following ports in North Dakota: St. John, Fortuna, Ambrose, Carbury, Noonan, Dunseith, Sherwood, Antler, Northgate, Westhope, and Portal. ACE electronic truck manifest capabilities are now operational in 65 Northern and Southern land border ports.

Operational performance of ACE truck processing capabilities reflects previously reported trends of increased e-Manifest usage and faster truck processing time compared with the pre-ACE baseline. In November 2006, CBP received 22,104 e-Manifests – up from 18,546 and 12,889 e-Manifests in October and September 2006,

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respectively. On average, trucks were processed 19 percent faster than the pre-ACE baseline in FY06 (based on results in Detroit (Ambassador Bridge) and Port Huron, Michigan; Laredo and El Paso, Texas; Otay Mesa, California; Nogales, Arizona; and Pembina, North Dakota). During October and November 2006, average processing times at these ports were 22 percent faster than the pre-ACE baseline. CBP expects to have additional insights into the effectiveness of electronic truck manifests and their impact on the trade community upon completion of a study of border efficiency by the American Transportation Research Institute. Preliminary survey results suggest that driver delays and re-directs to secondary processing booths decreased almost by half since the introduction of ACE. Some companies reported an initial need for extra staff training, but the reduction in faxing and phone expenses, as well as less paperwork for drivers and general timesaving benefits, offset those costs.

On October 26, 2006, CBP completed the ORR for Targeting Framework (TF), and subsequently deployed TF capabilities for full operational use at the NTC on October 29. TF replaces the Targeting Framework prototype in use at the NTC with a full production-scale system. Key TF capabilities include an automated workflow that replaces e-mail and fax exchanges between ports of entry and the NTC, facilitates consistent execution of routine processes, supports collaboration among analysts on the same tasks (while eliminating potential duplication of efforts), and provides access to past research so that insights and intelligence are captured and grow deeper over time. TF facilitates timely research by providing single-sign-on to multiple databases, provides the ability to assimilate data from many more sources, and helps analysts more quickly identify patterns and anomalies through text analysis and tools for visualizing relationships between data. In view of these critical homeland security capabilities, CBP completed the TF ORR and deployed TF capabilities for use by NTC analysts prior to the completion of the DHS PRR review by the DHS CIO. This review was conducted on November 28, 2006. Based on the results of this review, CBP will take action, as appropriate, to ensure compliance with the DHS PRR evaluation criteria established by the DHS CIO.

Participation in ACE continues to expand. ACE periodic monthly statement receipts grew to \$845.0 million in November 2006, representing 34.8 percent of total adjusted collections. Overall, there are more than 4,100 ACE Secure Data Portal accounts, and more than 4,500 corporate entities (based on Importer of Record Number) are approved to pay duties and fees monthly.

The upward trend in ACE usage reflects the strong partnership between CBP and the trade community, and in particular, the TSN. Established in 1994, the TSN includes approximately 300 members representing nearly 200 companies spanning the entire breadth of the trade community, including trade associations, importers, exporters, brokers, carriers, sureties, and others. TSN subcommittees provide input to CBP on specific business processes and business requirements that will be affected by ACE, and approximately 30 TSN members serve as trade ambassadors who spend up to 40 hours per month (at company expense) to work side-by-side with CBP staff members on the design of ACE. Bi-annual TSN meetings (such as the recent

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December 11-13, 2006, meeting), as well as monthly conference calls with the TSN Leadership Council (comprised of TSN committee chairs) facilitate active collaboration between CBP and the trade community.

CBP is conducting a comprehensive communications campaign to ensure the trade community is aware of ACE capabilities and the forthcoming mandatory e-Manifest policy. During the 2006 calendar year, CBP held nearly 100 carrier outreach events, provided telephone training on filing e-Manifests for 41 carriers, and hosted nearly 900 brokers, importers, carriers, and software developers via the August 2006 ACE Exchange conference in Chicago, Illinois, and the October 2006 ACE Exchange in Tucson, Arizona. Additional examples of mandatory e-Manifest communications efforts include monthly e-mails to trade account owners, letters and follow-up advisory notices to all carriers, issuance of compliance reminder cards at primary inspection booths, articles in leading trade publications, and CBP participation in a nationwide satellite radio talk show for truck carriers and drivers.

CBP continues to prepare for the upcoming January 2006 Test Readiness Review (TRR) for ESAR: Master Data and Enhanced Accounts (A1) capabilities. Based on the status of these preparations to date, there is a risk that the A1 TRR will be delayed. CBP is evaluating the potential impact of a delay in the A1 TRR.

6. Program Baseline

6.1 Overall Schedule and Cost

CBP continues to manage to the Acquisition Program Baseline, which reflects a \$3.3 billion program that will attain Full Operational Capability (FOC) by August 2011. Baseline schedule and cost estimates were validated through the Independent Government Cost Estimate. CBP projects that the attainment of ACE FOC by August 2011 can be completed at a cost of \$3.1 billion.

6.1.1 Detailed Development and Deployment Schedule

Appendix D, Schedule Outlook, compares the current outlook for ACE development and deployment milestones with the program baseline.

6.1.2 Near-Term Milestones

The following are key near-term milestones scheduled between January 1, 2007, and March 31, 2007.

January 2007

- Completion of the TRR for ESAR: Master Data and Enhanced Accounts (A1) will indicate that A1 software development is complete and acceptance testing can begin.

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- CBP projects the deployment of ACE electronic truck manifest processing capabilities to Washington ferry ports (including Port Angeles, Friday Harbor, and Anacortes); Eastport and Porthill, Idaho; and the following ports in Montana: Roosville, Whitlash, Del Bonita, and Wildhorse.
- CBP will pilot ACE wireless capabilities that allow officers to perform cargo release tasks from a wireless device.
- CBP will complete the first quarterly drop (Increment 3.0) for TF, which is planned to provide new user capabilities and enhancements.
- Completion of the Preliminary Design Critical Review (PDCR) for Advanced Targeting will validate the system design and the user requirements.
- CBP will deliver Advanced Targeting Drop 2, which will provide user defined rules, unified screening response, and impact assessment.

February 2007

- CBP projects the deployment of ACE electronic truck manifest processing capabilities to the following land border ports in Montana: Sweetgrass, Willow Creek, Turner, Morgan, Scoby, Opheim, Raymond, and Whitetail.
- Business Objects reporting capabilities will become operational, providing ACE Secure Data Portal users with enhanced reports and data analysis tools.
- CBP will conduct an ACE Exchange conference February 26-28, 2007, in Detroit, Michigan, for brokers, importers, carriers, and software developers.

March 2007

- CBP will complete its own PRR for ESAR: Master Data and Enhanced Accounts (A1). Completion of the PRR will indicate that testing was successfully completed and that A1 is ready to move to a pilot phase. Upon achievement of this milestone, CBP will coordinate with the DHS CIO to obtain certification that A1 is ready to move beyond the PRR milestone.
- CBP will complete the PDCR for M2, signaling that user and functional requirements are defined and that system design work can begin.
- CBP projects the deployment of ACE electronic truck manifest processing capabilities to the following land border ports in Maine: Calais, Ferry Point, Milltown, Eastport, Lubec, Vanceboro, Forest City, and Orient.

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- Completion of the CDR for Advanced Targeting will signal that stakeholders have accepted requirements and the system design. Upon completion of the CDR, CBP will work with the DHS CIO to obtain certification that Advanced Targeting is ready to move beyond the CDR milestone.

6.2 Fiscal Status

The FY06 Modernization Expenditure Plan, approved by Congress on April 4, 2006, provides \$316.8 million for the design and development of cargo management and S&T capabilities. It also supports program management, architecture and engineering activities; enhancements to existing ACE capabilities; costs for infrastructure, operations and maintenance; program office operations; and the ITDS efforts to define PGA requirements for ACE. The FY07 Homeland Security Appropriations Act provides \$100,000,000 to maintain continuity of program management activities, and an additional \$216,800,000 upon approval of the FY07 Modernization Expenditure Plan. The FY07 Modernization Expenditure Plan is now under review by DHS. To date, Congress has appropriated \$2.02 billion and released \$1.81 billion for ACE/ITDS. Of this amount, \$1.63 billion has been obligated, and \$1.48 billion has been expended (90 percent and 80 percent of released funding, respectively) as of October 31, 2006. Figure 1, below, provides a summary of ACE funding.

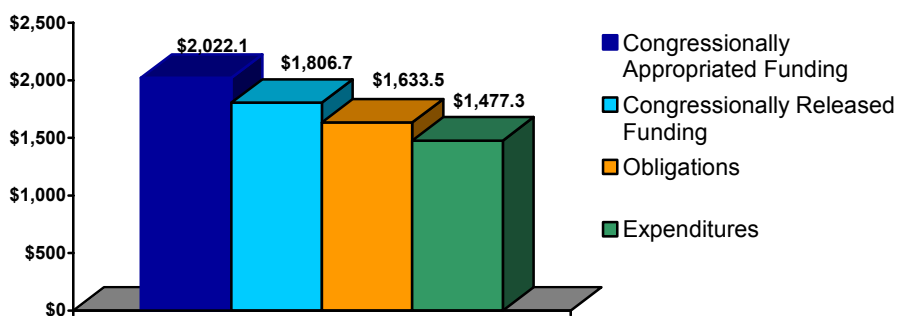


Fig. 1: ACE and ITDS Funding Status as of November 30, 2006

7. Conclusion

During the first quarter of FY07, CBP continued to deliver and develop ACE capabilities that will facilitate legitimate trade and ensure the safety of incoming cargo. To further expand participation in ACE, CBP announced the requirement to file electronic truck manifests at an initial group of land border ports starting in January 2007. Mandatory use of e-Manifests will enable officers and the trade community to begin reaping the full intended benefits of e-Manifests, including cargo pre-screening, reduced paperwork for CBP officers, and more time to inspect suspicious cargo without delaying legitimate cargo and conveyances. With the deployment of ACE truck processing capabilities to Vermont and remaining ports in New York and North Dakota, CBP made additional progress toward the deployment of these capabilities to all land border ports. The

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operational use of the newly deployed TF at the NTC will further enhance the agency's S&T capabilities by automating key processes, expanding access to data, and providing analysts with additional tools for detecting potentially high-risk cargo and passengers. CBP also made progress in the less visible – but equally significant – effort to develop future ACE capabilities, including Rail and Sea Manifest (M1), Air Manifest and Cargo Release (M2), ESAR: Master Data and Enhanced Accounts (A1) and ESAR: Entry Summary and Revenue (A2).

Recognizing that industry input is critical to the success of ACE, CBP is working diligently to ensure the trade community is not only aware of forthcoming ACE capabilities, but is also providing input into ACE development. The December 2006 meeting of the TSN – the cornerstone of collaboration between the government and the trade community – provided a key opportunity for CBP officials and their trade community counterparts to continue discussions of ACE operations and deployment plans, as well as current and future capabilities. Through its work with the TSN and comprehensive communications efforts, CBP is making every effort to actively engage the trade community to ensure that ACE – from design to operational implementation – will facilitate legitimate trade and secure our Nation's borders.

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For more information:

Additional information on ACE may be found on the CBP Web site (www.cbp.gov) under the ACE: Modernization Information Systems link.

Previous reports to Congress on ACE may be found on the CBP Web site at http://cbp.gov/xp/cgov/toolbox/about/modernization/ace/newsletters/quarterly_reports/

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Appendix A. ACE Implementation and Capabilities

ACE will deliver increased border security and enable improved trade compliance. It will also increase efficiency and improve customer service for key stakeholders, which include importers, brokers, carriers, and government agencies.

In June 2003, ACE Account Creation was launched with 41 initial importer accounts given access to the ACE Secure Data Portal. Account Creation provides initial on-line account capabilities to CBP and the trade community.

Periodic Payment was launched in June 2004, and an ORR was successfully conducted in August 2004. It allows importers and brokers with ACE accounts to centralize payment processing and to utilize periodic monthly statement and payment capabilities through Automated Clearinghouse Credit and Debit. This release also provides an initial customer account-based subsidiary ledger interface with the CBP general ledger for financial transaction processing, and an expanded account view into account activity logs and exam findings.

Periodic Payment expanded the account management framework to a larger trade audience, including brokers, carriers, and CBP representatives overseeing those areas. The account profiles for importers, brokers, and carriers will support some information relevant to C-TPAT. A Significant Activities Log provides a record of communications between the account and CBP (and ultimately with PGAs).

The e-Manifest: Trucks capability, which includes an automated truck manifest, expedited information processing, and a primary inspector interface (consolidating seven separate cargo release systems), was piloted in Blaine, Washington, in December 2004. Following completion of the pilot, the e-Manifest: Trucks capability was deployed to Northern and Southern Border ports near select hub cities.

In October 2006, CBP deployed TF capabilities to the NTC. TF replaced the Targeting Framework prototype (in use at the NTC) with a full production-scale system that provides workflow capabilities to support the transfer of “events” from the NTC to and from ports of entry. TF provides the ability to initiate activities, fosters collaboration among analysts, and allows users to exploit past activity logs for additional intelligence by tracking requests for information on entities of interest. TF provides a single access point for integration of external data sources and enables the ability to infer relationships between entities and data elements. TF integrates and provides a “single sign-on” to the following external data sources: Automated Biometric Identification System (IDENT), Enforcement Case Tracking (ENFORCE), the Department of State Consolidated Consular Database (CCD), ATS Narcotics, and ATS Passenger. TF also provides Secured Integrated Government Mainframe Access (SIGMA) capabilities, which enables CBP Officers at ports of entry to interact with the NTC (Fraudulent Document Analysis Unit and Passenger Analysis Unit) and export immigration “adverse action” data to a significant number of databases within the federal government. TF

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provides “semantic extraction” that enables a user to attach data “ingests,” Internet links, and documents to a record. TF also includes sophisticated ad-hoc reporting features for both system data and workflow metrics as well as initial reporting features through data warehouse capabilities.

CBP is introducing specific Advanced Targeting user capabilities and enhancements on a quarterly basis. On September 30, 2006, CBP deployed the first Advanced Targeting quarterly drop, including the following capabilities: ATS Simulation and Test Environment, operational performance metrics, centrifuge integration, Dunn and Bradstreet integration, and System Oriented Architecture (SOA) technology insertion.

The following is an outline of the features in future ACE releases:

ACE Secure Cargo Management Capabilities

Entry Summary, Accounts, and Revenue (Release 5)

- ESAR: Master Data and Enhanced Accounts (A1)
 - Most account types, including broker, carrier, commercial driver, importer, consignee, surety, cartman, lighterman, third party claimants, foreign trade zone (FTZ) operator, service provider, warehouse operator, and manufacturer ID/shipper.
 - Master and reference data in ACE
 - Cross-account access
 - Merge accounts
- ESAR: Entry Summary and Revenue (A2)
 - Entry summary processing
 - Liquidation/closeout
 - Post-summary corrections
 - Reconciliation processing
 - Quota/visa processing
 - Team review processing
 - Anti-dumping/countervailing duty processing
 - Prior disclosure processing
 - Protest processing
 - Managed accounts
 - Licenses, permits, certificates, and other documents
 - Program participation
 - Finance processing
 - Accounts Receivable
 - Collections and receipts
 - Refunds
 - Bond application storage (e-Bond processing)
 - Bond sufficiency
 - Drawback financials

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e-Manifests: All Modes – Cargo Control and Release (Release 6)

- e-Manifest: Rail and Sea Manifest (M1)
 - Cargo manifest processing for sea/rail modes of transportation and conversion of cargo control databases to multi-modal format
 - Initial Multi-Modal Manifest reporting
 - Enhanced information reporting and cargo control capabilities, including:
 - Complete itinerary, improved display of cargo stowage plan, validation of the 24- hour pre-arrival notification rule, and expanded vessel information for sea transport
 - Improved display of the train cargo manifest, house bill of lading information, and expanded train information for rail transport
 - Expanded inter-modal event reporting by trade partners
 - Enhanced data sharing with PGAs
 - Secure wireless capability for CBP officers to communicate remotely and to query and update transaction and enforcement data
 - Improved method of tracking in-bond (in-transit) cargo and closing it, if it is exported
 - Utilization of the United Nations standard cargo stowage plan for container vessels (BAPLIE) to assist in identifying unmanifested containers that represent a threat vector to the United States.
- e-Manifest: Air Manifest and Cargo Release (M2)
 - Air manifest
 - Cargo manifest processing and shared multi-modal database with truck, rail, sea, air, and reference files in the ACE Secure Data Portal for carrier accounts, PGAs, and CBP
 - Modernization of Cargo Selectivity “entry” processing (cargo release) in ACE
 - Accept all major entry types
 - Linkage of Bill of Lading and entry data
 - Modernized vessel entrance and clearance
 - Enhanced vessel conveyance management capabilities
 - Automated fee calculations
 - Enhanced data sharing with PGAs
- e-Manifest: Exports and Mail Entry Writing System (MEWS) (M3)
 - Export processing (modernization of deployed Automated Export System application)
 - Modernization of MEWS application; enhanced targeting of international mail

Exports & Cargo Control (Release 7):

- ESAR: Drawback, Protest, and Importer Activity Summary Statement (IASS) (A3)
 - Drawback
 - Enhanced protest
 - IASS

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- e-Manifest: Custodial Entities, Pipelines, and Batch Processes (M4)
 - Manifest, e-Release, enforcement, and tracking for mail, hand-carry, and pipeline

ACE Screening and Targeting Capabilities

Advanced Targeting

- Additional screening capabilities and extended targeting tools for trend and pattern analysis
 - Enhanced criteria management and criteria impact assessment
 - Extended targeting functionality (identification of anomalies and potential areas for additional CBP attention)
 - Extended screening capability to include additional areas (e.g., ACE accounts)
- Evaluating screening and targeting results
 - Extensions to the CBP Risk Management Circle (e.g., metrics and compliance measures that will provide insight into, and feedback on, operational and technical targeting effectiveness)

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Appendix B. Open GAO Recommendations

The following table lists all open GAO recommendations the corresponding ARTS tracking number, the original GAO report in which each recommendation was published, and the section or sections of this report, which specifically address each recommendation.

	Recommendation	ARTS Tracking Number	Original GAO Report Number	Section(s) of this Report that Address(es) GAO Recommendation
1	Ensure that future expenditure plans are based on cost estimates that are reconciled with independent cost estimates.	1595	GAO-04-719	5.2.1
2	Develop and implement a rigorous and analytically verifiable cost estimating program that embodies the tenets of effective estimating as defined in SEI's institutional and project-specific estimating models.	1403	GAO-02-545	5.2.1
3	Develop and implement the missing human capital management practices discussed in this report [including identification of how commitments in the human capital management strategy will be met, what steps will be taken, and what resources are needed to execute the steps], and until this is accomplished, report to its Appropriations Committees quarterly on the progress of its efforts to do so.	1400	GAO-03-406	5.2.2
4	Have future ACE expenditure plans specifically address any proposals or plans, whether tentative or approved, for extending and using ACE infrastructure to support other homeland security applications, including any impact on ACE of such proposals and plans.	1462	GAO-03-406	5.2.3
5	Define measures, and collect and use associated metrics, for determining whether prior and future program management improvements are successful.	1597	GAO-04-719	5.2.4
6	Define and implement an ACE accountability framework that fulfills several conditions:	--	--	--
	a. Covers all program commitment areas, including key expected or estimated system (a) capabilities, use, and quality; (b) benefits and mission value; (c) costs; and (d) milestones and schedules.	1736	GAO-05-267	5.2.5
	b. Ensures currency, relevance, and completeness of all program commitments made to the Congress in expenditure plans.	1737	GAO-05-267	5.2.5
	c. Ensures reliable data relevant to measuring progress against commitments.	1738	GAO-05-267	5.2.5

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Appendix B. Open GAO Recommendations, continued.

	Recommendation	ARTS Tracking Number	Original GAO Report Number	Section(s) of this Report that Address(es) GAO Recommendation
	d. Ensure future expenditure plans report progress against commitments contained in prior expenditure plans.	1739	GAO-05-267	5.2.5
	e. Ensure criteria for exiting key readiness milestones adequately consider indicators of system maturity, such as severity of open defects.	1740	GAO-05-267	5.2.8
7	Report quarterly to the House and Senate Appropriations Committees on efforts to address open GAO recommendations.	1598	GAO-04-719	5.2.6
8	Direct the appropriate departmental officials to fully address those legislative conditions associated with having an approved privacy impact assessment and ensuring architectural alignment.	1762	GAO-06-580	5.2.7
9	Fully address those legislative conditions associated with measuring ACE performance and results and employing effective IV&V practices.	1763	GAO-06-580	5.2.7 5.2.11
10	Accurately report to the Appropriations Committees on CBP's progress in implementing our prior recommendations.	1764	GAO-06-580	5.2.6
11	Include in the June 30, 2006, quarterly update report to the Appropriations Committees a strategy for managing ACE human capital needs and the ACE framework for managing performance and ensuring accountability.	1765	GAO-06-580	5.2.2 5.2.5
12	Document key milestone decisions in a way that reflects the risks associated with proceeding with unresolved severe defects and provides for mitigating these risks.	1766	GAO-06-580	5.2.8
13	Minimize the degree of overlap and concurrency across ongoing and future ACE releases, and capture and mitigate the associated risks of any residual concurrency.	1767	GAO-06-580	5.2.9
14	Use EVM in the development of all existing and future releases.	1768	GAO-06-580	5.2.10
15	Develop the range of realistic ACE performance measures and targets needed to support an outcome-based, results oriented accountability framework, including user satisfaction with ACE.	1769	GAO-06-580	5.2.11
16	Explicitly align ACE program goals, benefits, desired business outcomes, and performance measures.	1770	GAO-06-580	5.2.11

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Appendix C. ACE Critical Few Performance Measures

Appendix E depicts the critical few ACE performance measures, which are aligned to CBP strategic goals, objectives, and strategies.

Performance Measurement Indicator								Targets and Performance							
	Current Releases (as of 11/06)			ESAR		CCR		FY06		FY07	FY08	FY09	FY10	FY11	FY12
	R2	R3	R4	A1	A2	M1	M2	Planned	Actual	Planned	Planned	Planned	Planned	Planned	Planned
Percent users satisfied with system usability (data presentation, entry and extraction; intuitive user interface, etc.)	X	X	X	X	X	X	X								
Population of Customs and Border Protection (CBP) workforce using ACE to manage trade information	X							18%	23%	26%	26%	63%	100%	100%	100%
Number/percentage of Trade accounts	X							6%	4%	11%	13%	16%	47%	100%	100%
Percent total duties and fees paid by Periodic Monthly Statement (PMS)		X						30%	30%	40%	50%	60%	70%	80%	TBD
Number/percentage of e-manifests (truck)			X					20%	2%	65%	100%	100%	100%	100%	100%
Time to process at primary (truck)			X					18%	19%	25%	25%	25%	25%	25%	TBD
Number of managed accounts in compliance (i.e., brokers, importers and carriers)				X							TBD	TBD	TBD	TBD	TBD
Number of associations between Importer of Record (IR) numbers, SCACs, Filer Codes and Accounts				X							TBD	TBD	TBD	TBD	TBD
Percentage paperwork reduction for the Trade			X	X	X			30%	85%	35%	40%	45%	50%	60%	TBD

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Appendix C. ACE Critical Few Performance Measures, continued

								Targets and Performance							
Performance Measurement Indicator	Current Releases (as of 9/06)			ESAR		CCR		FY06		FY07	FY08	FY09	FY10	FY11	FY12
	R2	R3	R4	A1	A2	M1	M2	Planned	Actual	Planned	Planned	Planned	Planned	Planned	Planned
Percent of entry summaries for which there is no further Trade activity required					X			90%	91%	91%	92%	94%	95%	96%	TBD
Percent of trade in compliance					X					TBD	TBD	TBD	TBD	TBD	TBD
Average time elapsed for non-in-bond cargo placed on hold by mode (sea and rail) from the date and time of arrival to the date and time of release by wireless means.						X					TBD	TBD	TBD	TBD	TBD
Percent reliability of wireless medium						X					TBD	TBD	TBD	TBD	TBD
Number of in-bond discrepancies						X	X				TBD	TBD	TBD	TBD	TBD
Percent customer satisfaction with the seamless filing of Multi-Modal Manifest							X					TBD	TBD	TBD	TBD
Percent use of commercial control numbers for in-bond movement tracking (air)							X					TBD	TBD	TBD	TBD

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Appendix D. Schedule Outlook

The following table compares ACE Program Plan Version 11.2 Development Milestones (program baseline) with current projections.

Release Name	Key Milestone	Acquisition Program Baseline	Current Outlook
ESAR (Release 5)			
• ESAR: Master Data and Enhanced Accounts (A1)	PRR ORR FOC*	07/17/06 12/19/06 09/08/08	03/01/07 05/03/07 05/31/07
• ESAR: Entry Summary and Revenue (A2)	PRR ORR FOC	07/17/06 12/19/06 09/08/08	07/10/08 10/30/08 11/27/08
e-Manifest: All Modes – Cargo Control and Release (Release 6)			
• e-Manifest: Rail and Sea Manifest (M1)	PRR ORR FOC	11/03/08 04/06/09 03/11/10	07/10/08 10/30/08 12/24/09
• e-Manifest: Air Manifest and Cargo Release (M2)	PRR ORR FOC	11/03/08 04/06/09 03/11/10	03/05/09 06/25/09 08/19/10
• e-Manifest: Exports and Mail Entry Writing System (M3)	PRR ORR FOC	11/03/08 04/06/09 03/11/10	04/08/10 07/01/10 07/29/10
Exports and Cargo Control (Release 7)			
• ESAR: Drawback, Protest, & Importer Activity Summary Statement (A3)	PRR ORR FOC	02/15/10 07/16/10 07/22/11	04/08/10 07/01/10 07/29/10
• e-Manifest: Custodial Entities, Pipelines, and Batch Processes (M4)	PRR ORR FOC	02/15/10 07/16/10 07/22/11	05/05/11 07/28/11 08/25/11
Screening and Targeting			
• Advanced Targeting	PRR ORR FOC	11/29/06 02/28/07 02/28/07	07/19/07 08/23/07 09/20/07

* Full Operational Capability (FOC) reflects the date by which releases will be fully deployed nationwide.

Appendix E. Acronyms and Selected Definitions

ACE	Automated Commercial Environment. The first major project of U.S. Customs and Border Protection Modernization. Through enhanced business processes and the new technology in ACE that will support them, border security and trade facilitation will be greatly enhanced.
APB	Acquisition Program Baseline
ATS	Automated Targeting System
CBP	U.S. Customs and Border Protection
CDR	Critical Design Review
CIO	Chief Information Officer
CISS	Cargo IT Services and Support
CSI	Container Security Initiative
CSPO	Cargo Systems Program Office: The program office responsible for ACE cargo management capabilities and other cargo processing systems
C-TPAT	Customs-Trade Partnership Against Terrorism
DHS	Department of Homeland Security
e-Manifest	Electronic Manifest
ESAR	Entry Summary, Accounts, and Revenue
EVM	Earned Value Management
FAST	Free and Secure Trade
FOC	Full Operational Capability
FTZ	Foreign Trade Zone
FY	Fiscal Year
GAO	Government Accountability Office
HCM	Human Capital Management
IEEE	Institute of Electrical and Electronic Engineers
IR	Importer of Record
IT	Information Technology
ITDS	International Trade Data System
IV&V	Independent Verification and Validation

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OIT	Office of Information and Technology
ORR	Operational Readiness Review
NTC	National Targeting Center
PGA	Participating Government Agency
PDCR	Preliminary Design Critical Review
PDR	Preliminary Design Review
PIA	Privacy Impact Assessment
PIRA	Project Initiation and Authorization Review
PRR	Production Readiness Review
PRM	Performance Reference Model
PTR	Product Trouble Report
S&T	Screening and Targeting
SBI	Secure Border Initiative
SDLC	Software Development Lifecycle
SEI	Software Engineering Institute
SHCMP	Strategic Human Capital Management Plan
SOA	Service Oriented Architecture
TASPO	Targeting and Analysis Systems Program Office: The program office responsible for Screening and Targeting systems, including ATS and ACE Screening and Targeting development efforts
TRR	Test Readiness Review